

City of St. Louis
Treasurer's Office



Request for Proposals

Financial Investment and Advisory Services

Proposals due no later than 3:00pm, February 15, 2013

I. SUMMARY

The City of St. Louis Treasurer's Office ("STLTO") requests proposals ("Proposals") from independent, experienced and qualified firms (each individually, a "Proposer" or collectively, the "Proposers") to provide investment advisory services in connection with STLTO's approximately \$1 billion fixed income portfolio. The STLTO intends to select two firms categorized as a Large Manager and an Emerging Manager. The firms selected will work directly with the City Treasurer.

Minority-Owned Business Enterprises ("MBE") and Women-Owned Business Enterprises ("WBE") are encouraged to submit Proposals. Joint Proposals between Large and Emerging Managers are allowed. The STLTO defines Large Managers as Proposers with assets under management/advisement in excess of \$3 billion. Emerging Managers will be defined by the STLTO as Proposers with assets under management/advisement less than \$3 billion. STLTO reserves the right to select individual Proposers regardless of joint proposals.

This Request for Proposal ("RFP") does not obligate the STLTO to complete the selection and contract award process. STLTO reserves the right to: 1) accept or reject any and all Proposals; 2) request additional information from any or all Proposers to assist the STLTO in its evaluation process; 3) amend or withdraw this RFP prior to the announcement of the selected firm and 4) award the proposed services in whole or in part, to one or more firms. In case of an amendment to the RFP, all Proposers will be provided with a copy of any such amendment(s) and be afforded the opportunity to revise their Proposals in response to the RFP amendment.

II. SERVICES REQUIRED

A. General Services Required

The firm(s) selected for this engagement will be required to become thoroughly familiar with STLTO's cash flow management needs, bond resolutions, policies, procedures, operations and objectives to assure security and soundness of investments at the best competitive rates. STLTO reserves the right to add and/or delete any other tasks to the Services Required that it may identify in the course of this solicitation.

Among the Services Required to be performed by the selected firm will be the following:

1. Assist STLTO in planning its overall investment plan and strategy for the next three years, including providing advice on the structure, credit quality, management and investment of STLTO's portfolio in a manner consistent with STLTO's requirements so as to maximize STLTO's return on capital.
2. Review Investment Guidelines and make recommendations on revisions thereto;
3. Advise on investment opportunities;

4. Assist in all aspects of investment portfolio management including competitive solicitation and documentation of investment bids, gain/loss information on sales, interest accruals and investment data transfer, and account reconciliations.
5. Prepare monthly reports on investment activity within the portfolio. A principal or senior portfolio manager shall present (in person) a quarterly report on investment activities and performance of STLTO's investment portfolio to the STLTO and be available for additional presentations to the Investment Committee upon request. The reports should be presented in a format that is acceptable to the STLTO. At a minimum, the quarterly reports should include:
 - status and performance of the portfolio; current and historical characteristics of the portfolio, including yield, sector allocation, effective duration and maturity, duration distribution and changes in market value;
 - a detailed analysis and certification of compliance with Missouri State law, STLTO's investment policies and guidelines, and any other relevant statutory, policy or guideline requirements; and
 - an analysis of the total rate of return on the portfolio, relative to selected benchmarks.
6. At least once per week provide a written report (via email) containing strategic investment advice to STLTO staff. The report should include, at a minimum, a market commentary, review of macroeconomic trends, and review of sector spreads.
7. Provide ongoing technology enhancement recommendations for portfolio management, cash flow forecasting, and daily investment activities.
8. Provide online access to STLTO's investment portfolio reports on earnings performance and trend analysis.
9. Assist in performing related services and special projects as required by STLTO.
10. Provide ongoing "best practices" recommendations.

III. KEY DATES, CONTRACT TERM AND MINIMUM QUALIFICATIONS

A. Key Dates

The following is a list of key dates, up to and including the date Proposals are due to be submitted, which is subject to change at STLTO's discretion:

- Request for Proposals issued: **Friday, February 1, 2013.**
- **DUE DATE FOR RESPONSES TO RFP: Friday February 15, 2013 by 3:00 p.m. (the "Due Date")**
- Selection and notification of successful Proposer(s): After an award recommendation has been determined, proposers will be sent intent to award notification via e-mail.
- Contract start date: March 1, 2013.
- STLTO Contact – Tishaura O. Jones Treasurer, City of St. Louis, MO

B. Anticipated Contract Term

It is anticipated that the term of the contract awarded pursuant to this RFP (the "Contract") will be three (3) years. STLTO reserves the right to terminate the Contract at any time, with or without cause, upon thirty (30) days written notice.

C. Minimum Qualification Requirements

The following are the Minimum Qualification Requirements for this RFP: (Please note: **Proposals that fail to comply with these requirements will be rejected**)

1. Proposer must be an independent Investment Advisor, registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. In addition, Proposer must be registered with any required Missouri State entities in order to perform the function of an investment advisor for the entire term of the contract.
2. The two categories of Proposers are Large Manager and Emerging Manager. The STLTO defines Large Managers as Proposers with assets under management/advisement in excess of \$3 billion. Emerging Managers will be defined by the STLTO as Proposers with assets under management/advisement less than \$3 billion.
3. **Proposer must submit a copy of its most recent ADV Form, Parts I and II with its response.**
4. Proposer must be completely independent of any financial institutions and/or securities brokerage firms.

5. Proposer should have a minimum of five (5) years' experience in providing the services requested to governmental entities in an investment advisory capacity. If the firm has been in business for less than five years, the experience of its team members may be used.
6. Proposer and its personnel must have all other authorizations, permits, licenses, and certifications required by federal and state laws and regulations to perform the services specified in this RFP at the time the Proposer submits a response to this RFP and shall continue to possess such authorizations throughout the life of the contract.
7. If selected to serve as STLTO's investment advisor, the Proposer must agree to serve as a fiduciary.
8. Proposer must sign a copy of the Minimum Qualifications Compliance form contained in the RFP.

IV. GENERAL REQUIREMENTS

A. Restricted Period

Applicants are restricted from making contact regarding this RFP with anyone in the STLTO other than the Designated Contact at STLTO specified above during the period from the date of publication of the notice of this RFP and its due date.

Submission of Proposals

Proposals are due no later than 3:00 p.m. on February 15, 2013

Proposers must submit **ten (10) hard copies of their Proposals and one (1) electronic CD-Rom copy as a PDF file** in a sealed package clearly marked "**Proposal Enclosed – Investment Advisory Services**" to the Designated Contact **by messenger, overnight courier or certified mail** to the following address:

**Tishaura O. Jones
Treasurer
City of Saint Louis
1200 Market Street, City Hall
Room 220
St. Louis, MO 63103**

STLTO is not responsible for any internal or external delivery delays which may cause any Proposal to arrive beyond the stated deadline. To be considered, Proposals must arrive at the time and place specified herein and be time/date stamped by STLTO prior to the Due Date. Please allow ample time for building security, as late Proposals will not be accepted. A Proposal submitted by fax or electronic transmission will NOT be accepted. Proposers may, after submitting a Proposal, amend its Proposal by submitting a second, amended Proposal,

clearly labeled “**Amended Proposal Enclosed – Investment Advisory Services**”, as long as the amended Proposal is submitted within the parameters specified herein.

Public access to Proposals shall be governed by the relevant provisions of the Freedom of Information Act, State of Missouri Sunshine Law (RsMO 610.021), and regulations adopted pursuant thereto.

V. PROPOSAL FORMAT AND CONTENTS

A. Proposal Format

The Proposal must be printed on 8½” x 11” paper. Pages should be numbered. The Proposal will be evaluated on the basis of its content, not length and should be limited to no more than ten (10) pages, exclusive of the Transmittal Letter and the Appendices listed below. STLTO reserves the right to disqualify Proposals that fail to comply with any of these instructions.

B. Proposal Content

Proposals must include the following sections in the order listed:

1. Transmittal Letter, as follows:

The Proposal must include a signed Transmittal Letter from a person within the firm who is authorized to bind the firm, preferably the Lead Partner. **Transmittal Letters must be signed. Proposals with unsigned Transmittal Letters will be rejected.** The Transmittal Letter must include a representation by the Proposer that, except as disclosed in the Proposal, no officer or employee of the Proposer is directly or indirectly a party to or in any other manner interested financially or otherwise in this RFP.

2. Executive Summary.

3. Firm’s description of the process and resources that will be employed to fulfill the specifications and requirements outlined in the Services Required (see Section II).

4. Firm’s Responses to the RFP Questions and RFP Additional Information Request, set forth below.

5. Firm’s Cost Proposal, as described below.

6. A copy of Minimum Qualifications Compliance form, signed by someone within the firm who is authorized to bind the firm.

C. RFP Questions

If your firm wishes to be considered as an investment advisor to STLTO, please provide the information requested below (please note that if sample reports or resumes are requested below, they will not be included in the ten (10) page limitation:

1. Describe the organization and ownership structure of your firm. Describe any other business affiliations (e.g., subsidiaries, joint ventures, soft dollar arrangements with brokers).
2. Has your firm experienced any significant change in organizational structure, ownership or management during the past three years? If so, please describe.
3. Describe your firm and/or professionals in your firm, experience in managing investment portfolios for governmental and corporate entities.
4. Provided an organizational chart showing your proposed project team (the "Team") to provide the Services Required in this RFP, including analytical investment and staff. Please identify the primary contact and describe the role of the primary contact and of each key person on the Team. For firms submitting joint proposals please specify the division of labor between the Large Manager and the Emerging Manager.
5. As to each Team member, identify the specific individuals employed by your firm who would be assigned to provide the Services Required in this RFP. As to each such individual state: (a) the individual's name, title, years of experience and substantive areas of expertise and (b) which aspect of the Services Required the individual will provide. Please provide copies of resumes for each Team member, including professional designations or licenses.
6. Describe your firm's capabilities for providing current and historical portfolio transaction, income, and valuation history.
7. Describe your firm's investment philosophy for public clients, including the firm's approach to the public sector mandate of safety, liquidity and yield.
8. Describe your firm's research capabilities and resources including firm's ability to evaluate credit quality of investment alternatives.
9. Describe the firm's approach to enhancing the performance of client portfolios (e.g., market research, credit analysis and trading strategies).
10. Describe the level of involvement you anticipate with STLTO staff and what information you require on a daily, monthly, or other basis to execute investment advisory responsibilities, i.e., confirmation of cash projections, receipt of new monies and knowledge of pending funding requirements.
11. Describe your anticipated role and what specific services you would provide as investment advisor. Does your firm have the capability of soliciting competitive bids on investment purchases?
12. Provide a list of other similar recent engagements where your firm has acted as investment advisor. Specifically, list each client and describe the scope of services provided, size of portfolio, type of investment portfolio and a summary of results or accomplishments. Include services provided to governmental clients that may be relevant to this engagement. If you are in an Emerging Manager category you may provide the relevant information for team members.
13. Provide a list of any fixed-income clients that your firm has lost in the last three years. For each client lost describe the scope of services provided, size of portfolio, type of investment portfolio and the reason you lost the client.
14. Discuss your prognosis of interest rates (both short and long-term) over the next year and the investment strategy you would currently recommend for STLTO over the

- next year. Briefly, discuss investment alternatives, available to STLTO currently on the market in terms of rate of return and relative risks.
15. Does your firm act as a broker or primary securities dealer? Does your firm receive any other form of additional compensation (including soft dollars) for client transactions – other than direct fees paid by clients?
 16. Discuss your firm's assessment of the current market outlook and how your firm plans to provide superior performance for clients in the years ahead.
 17. Describe any SEC, NASD or other regulatory censure, action, or litigation involving your firm or any member of the Team proposed in question #5 above during the past five (5) years. Please attach a copy of the Review Committee findings and the firm's responses.
 18. Proposer must provide a record and explanation of any unsatisfactory performance as evidenced by complaints filed with the Securities and Exchange Commission (SEC), the National Association of Securities Dealers (NASD), or any other federal or state agencies with jurisdiction over the services to be provided by the firm.
 19. Provide any additional information pertinent to this RFP including description(s) of any additional services the firm can provide to STLTO that have not previously been discussed.
 20. Does your firm currently have a contract with another municipal entity in the City of St. Louis? Are any members of your firm related to any elected or appointed officials in the City of St. Louis?

D. RFP Additional Information Request

1. Insurance:

- a. Do you impose any limitations on liability through your contracts?

2. Appendices:

- a. Include professional biographies for all personnel listed in your proposal.
- b. Attach a sample contract or retainer agreement your firm uses for the provision of services to governmental clients.
- c. Attach a copy of your firm's most recent ADV Form, Parts I and II with its response.

3. References:

Please provide at least three client (3) references for whom your firm or the individuals in your firm has performed similar work to that requested in this RFP. For each client, please provide the name, address, and telephone number for a contact person.

E. Cost Proposal

1. Please describe the proposed compensation for services either (a) as a flat, annual fee or (b) as a fee calculated based upon the dollar value of assets managed with a maximum cap.
2. For project-specific services that may be requested from time to time that are not otherwise covered by the Services Required outlined above, please provide an hourly fee structure.
3. Any expenses incurred in the performance of the services by the selected firm shall be the sole responsibility of the selected firm and included in the fee structure.

VI. MINIMUM QUALIFICATIONS COMPLIANCE FORM

(To be signed by authorized person and returned with RFP response.)

Proposer hereby certifies that it meets all of the following minimum qualifications:

1. Proposer certifies that it is an independent Investment Advisor, registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. In addition, Proposer certifies that it is registered with the required governmental bodies to lawfully perform the function of an investment advisor for the entire term of the contract.
2. The Proposer certifies that if it is applying as a Large Manager it has assets under management/ advisement in excess of \$3 billion. If the Proposer certifies that identifies itself as an Emerging Manager it certifies that it has assets under management/ advisement less than \$3 billion.
3. Proposer certifies that it is independent of any financial institutions and/or securities brokerage firms.
4. Proposer certifies having a minimum of five (5) years experience in providing the services requested to governmental entities in an investment advisory capacity. If the firm has been in business for less than five years, the experience of its team members may be used.
5. Proposer and its personnel certify having all other authorizations, permits, licenses, and certifications required by federal and state laws and regulations to perform the services specified in this RFP at the time the Proposer submits a response to this RFP and shall continue to possess such authorizations throughout the life of the contract.
6. If selected to serve as STLTO's investment advisor, the Proposer agrees to serve as a fiduciary.

Signature

Title

Date

VII. THE EVALUATION PROCESS

A. Objectives

The primary objective of the evaluation process is to select a firm:

1. That demonstrates a thorough understanding of the scope of the engagement and the specific responsibilities which it entails;
2. Possesses adequate resources to handle assigned responsibilities and to handle unforeseen circumstances that may arise;
3. Assigns highly skilled, experienced, diligent, responsible and professional personnel to perform the required services;
4. Maintains high ethical standards and has an unblemished reputation; and
5. Has no conflict of interest between its representation of STLTO and that of other clients.

The selection process will begin with the review and evaluation of each of the written Proposals. The purpose of this evaluation process is twofold: (a) to examine the responses for compliance with this RFP and (b) to identify the complying firms that have the highest probability of satisfactorily performing the Services Required at a reasonable cost to STLTO. The evaluation process will be conducted in a comprehensive and impartial manner. The evaluation process will be conducted by a committee selected by STLTO (the "Committee").

The Committee will evaluate the Proposals based upon the evaluation criteria for selection set forth below:

STLTO reserves the right to reject and return unopened to the Proposer any Proposal received after the RFP Due Date. All timely submitted Proposals will be reviewed to determine if they contain all required submittals specified herein. Incomplete Proposals may be rejected.

B. Interviews

STLTO reserves the right to determine whether interviews will be necessary for any or all of the Proposers. The purpose of the interview is to further document a Proposer's ability to provide the Services Required and to impart to the Committee an understanding of how specific services will be furnished. The proposed lead Principal, and other key personnel proposed to provide the services must be present and participate in the interview. The firm will be evaluated on the basis of whether the interview substantiates the characteristics and attributes claimed by the Proposer in its written response to this RFP and any other information requested by the Committee prior to the interview.

C. Evaluation Criteria for Selection

Selection will be based upon the following criteria:

#	Criteria	Percentage
1	Demonstrated relevant experience with STLTO, public municipalities or other similar governmental entities:	25%
2	Appropriate composition and experience of proposed team, overall firm depth and resources, availability of principals and interview feedback (if applicable):	25%
3	Fees:	25%
4	Proposed MBE/WBE utilization plan (the "Utilization Plan") and/or Firm MBE/WBE status:	25%

D. Basis for Contract Award

The Contract will be awarded to the highest technically rated Proposer whose Proposal is determined to be responsive and in the best interests of STLTO, subject to a determination that the Cost Proposal is fair and reasonable.

E. Non-Discrimination

Further, pursuant to St. Louis City Revised Code Chapter 3.44, all other Missouri State and Federal statutory and constitutional non-discrimination provisions, the Contractor and sub-contractors will not discriminate against any employee or applicant for employment because of race, color, age, religion, sex, familial status, disability, sexual orientation, national origin or ancestry.

Please Note: Failure to comply with the foregoing requirements may result in a finding of non-responsiveness, non-responsibility and/or a breach of the Contract, leading to the withholding of funds, suspension or termination of the Contract or such other actions or enforcement proceedings as are allowed by the Contract.